

# HOUSE BILL REPORT

## ESB 5894

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**As Reported by House Committee On:**  
Transportation

**Title:** An act relating to authorizing the utilities and transportation commission to forbear from rate and service regulation of certain transportation services.

**Brief Description:** Authorizing the utilities and transportation commission to forbear from rate and service regulation of certain transportation services.

**Sponsors:** Senators Haugen and Parlette.

**Brief History:**

**Committee Activity:**

Transportation: 3/24/09, 3/25/09 [DPA].

**Brief Summary of Engrossed Bill  
(As Amended by House)**

- Allows the Utilities and Transportation Commission (UTC) to exempt an auto transportation service from regulation by the UTC if the service does not serve an essential transportation purpose, is solely for recreation, and does not affect operations of another UTC-regulated entity.
- Exempts passenger-carrying services provided pursuant to a contract with a state agency or funded by a grant from the Washington State Department of Transportation from UTC regulation.
- Requires the UTC to study the appropriateness of rate and service regulation of commercial ferries operating on Lake Chelan.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended. Signed by 26 members: Representatives Clibborn, Chair; Liias, Vice Chair; Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Campbell, Cox, Driscoll, Eddy, Ericksen, Finn, Flannigan, Herrera, Johnson, Klippert, Kristiansen, Moeller, Rolfes, Shea, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** David Munnecke (786-7315)

**Background:**

An auto transportation company is defined as a company that transports people between fixed termini or over a regular route on public highways for compensation, but does not operate exclusively within a city or town. A charter party carrier receives compensation to transport a group of persons who, pursuant to a common purpose and under a single contract, travel together as a group to a specified destination or for a particular itinerary. An excursion service carrier receives individually assessed fares to transport people from a city or town to elsewhere in the state and back to the point of origin, without picking up or dropping off passengers after leaving and before returning to the area of origin.

The Utilities and Transportation Commission (UTC) is required to regulate the rates and service of auto transportation companies and commercial ferry service providers. In exchange for exclusive operating rights in a specified territory, an auto transportation company or commercial ferry service provider commits to both a level of service and a tariff. A change to either the level of service or the tariff must be reviewed by the UTC. The UTC also regulates the safety and insurance of charter party carriers, excursion service carriers, and auto transportation companies.

The Washington State Department of Transportation (WSDOT) administers grant programs to some service providers that meet the statutory definition of an auto transportation company. Certain state agencies also contract with auto transportation companies, or charter or excursion carriers, to provide service.

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**Summary of Amended Bill:**

The UTC may exempt a transportation service from the rate and service regulation applicable to auto transportation companies if the service does not serve an essential transportation purpose, is solely for recreation, and would not adversely affect the operations of a regulated auto transportation company. The company providing the service must obtain a permit under the passenger charter carriers chapter, and the UTC continues to regulate the company with respect to safety and insurance requirements.

The rate and service regulations applicable to auto transportation companies do not apply to a transportation service if the UTC finds that the service is pursuant to a contract with a state agency or a grant issued by the WSDOT.

Clarification is added regarding the inapplicability of ride sharing benefits to a non-profit transportation provider that has a contract or grant with the WSDOT and is registered with the UTC, but does not serve special needs clients.

Within existing resources, the UTC is required to study the appropriateness of rate and service regulation of commercial ferries operating on Lake Chelan.

### **Amended Bill Compared to Original Bill:**

The amended bill removes the UTC's ability to exempt a commercial ferry service provider from rate and service regulation if the UTC finds, after an opportunity for any operator within the same territory to be heard, that the service does not serve an essential transportation service; is solely for recreation; and would not adversely affect the rates of services of an existing operator.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) The issues of the Lake Chelan ferry service need to be studied, but the bill would not effect this ferry service.

Regulation is provided by the UTC when there are natural monopolies. Recreational services are optional and should not be regulated as to their rates since people can simply choose not to use the service if the cost is too high. However, the UTC would continue to regulate these services in regards to safety and insurance. Essential services need to continue to be regulated and would not be affected by the bill.

The WSDOT currently operates intercity bus service between various portions of the state using money from the Federal Transportation Administration. The WSDOT is regulated in the provision of this service by the UTC, and without the exemption granted by this bill the WSDOT is concerned that previous operators of a route who do not submit a winning bid to continue operation would challenge the award of the contract through the UTC.

(With concerns) Victoria Express has been very involved in the transition of passenger-only ferry service from state-operated to county-operated. The effects on existing passenger-only ferry services of section 2 of the bill are prospective and should not be put into effect until passenger-only ferry service exists and the state has more experience with regulating it. Ferry service on Lake Chelan would not be affected by the bill because it is not solely a recreational service.

(Opposed) None.

**Persons Testifying:** (In support) Senator Parlette; Dave Danner, Washington Utilities and Transportation Commission; and Don Chartock, Washington State Department of Transportation.

(With concerns) Brad Tower, Arrow Marine Services.

**Persons Signed In To Testify But Not Testifying:** None.